recommendations. The Government has already announced a relief package on 13th July, 2007 for exporters comprising enhanced Duty Entitlement Passbook (DEPB) rates, reduction in Export Credit Guarantee Corporation (ECGC) premium, release of Rs. 600 crore for clearing all arrears of terminal excise duty and Central Sales tax reimbursement, enhancement of duty drawback rates and reduction in interest rates on pre and post shipment credit.

Lending to farmers by NABARD

345. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether NABARD lends to State Apex Cooperative Banks @ 2 ½ per cent interest for finally flowing down to the farmers as agricultural/crop loans *via* the District, Taluk and Village Cooperative Banks;

(b) whether every intermediary bank adds 2-3 per cent interest while lending down-stream;

(c) if so, the details thereof with ultimate rate of interest at which farmer gets loan;

(d) whether to cut down the interest rate, NABARD proposes to directly lend to the fanners by doing away with the intermediary cooperative banks, so that the farmers gets loan @ 2 ½ per cent interest, instead of 18-20 per cent; and

(e) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) During the year 2006-07, NABARD has provided Short Term (Seasonal Agricultural Operations) (ST-SAO) refinance to State Cooperative Banks (SCBs), on behalf of eligible District Central Cooperative Banks (DCCBs), at concessional rates of interest of 2.5% p.a. with interest subvention from Government of India. The condition for availing this refinance is that Cooperative Banks provide crop loans upto Rs. 3.00 lakh per borrower at a rate of interest of 7% per annum. The rate of interest on this concessional refinance has been raised to 3% p.a. for the year, 2007-08.

(b) to (e) NABARD has not prescribed any specific margin to be retained by various tiers of Short Term Cooperative Credit Structure (STCCS). Rate of interest on a loan depends upon several factors *e.g.* cost of fund, transaction cost, risk cost, profit margin, etc. As the crop loans to the ultimate borrower have to be provided at an interest rate of 7%, the margin available to all the three tiers was 4.5% during, 2006-07, which has been reduced to 4% during the year, 2007-08.

NABARD has no proposal to lend directly to the farmers as it does not have the infrastructure and organizational set up to do so.

Differences of farm loan interest

346. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that differences still remain on farm loan interest;

(b) if so, what steps the Ministry has taken in consultation with Ministry of Agriculture;